

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6121

BILL NUMBER: HB 1117

NOTE PREPARED: Nov 23, 2012

BILL AMENDED:

SUBJECT: County Excise Surtax and Wheel Tax.

FIRST AUTHOR: Rep. Karickhoff

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill permits a county income tax council to impose a motor vehicle excise surtax and a wheel tax for a county. (Current law permits only the county council to impose these taxes.) The bill specifies that the body that initially imposes the excise surtax and wheel tax is the body that is empowered to increase, decrease, or rescind the excise surtax and wheel tax.

Effective Date: June 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: In CY 2011, 47 counties raised \$71.8 M from the surtax and wheel tax. The remaining 45 counties could raise an estimated \$65 M if they adopt the taxes at their maximum rates. This proposal could result in additional counties adopting the taxes.

Money in the excise surtax and wheel tax funds is allocated to each city, town, and the county based on the formula for the Local Road and Street Account. The revenue is used to construct, reconstruct, repair, or maintain streets and roads.

Under current law, only the county council may adopt or make changes to the motor vehicle excise surtax and

wheel tax. The surtax and wheel tax must be adopted together. In addition to the county council, this bill would also permit the county income tax council to adopt the surtax and wheel tax. Only the entity that adopted the tax would be permitted to modify or rescind the tax.

The county income tax council currently exists in COIT-adopting counties and is comprised of the county and municipalities in the county. The votes on the income tax council are apportioned based on population where the county gets credit for the population in the unincorporated areas of the county. This bill would permit the same membership to adopt the surtax and wheel tax in all counties that have not yet imposed the taxes, even if a county is not a COIT-adopting county.

State Agencies Affected:

Local Agencies Affected: Counties, cities, and towns.

Information Sources: Bureau of Motor Vehicles; *LOHUT Model*, LTAP Center, Purdue University.

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